

Michael P. Morris, Chairman
Kevin S. Carter, Director

MINUTES OF THE MEETING OF THE
SCHOOL & INSTITUTIONAL TRUST LANDS ADMINISTRATION
BOARD OF TRUSTEES

DATE: NOVEMBER 29, 2007

PLACE: SALT LAKE CITY, UTAH

ATTENDING: BOARD

Michael P. Morris
John Ferry
James Lee
John Scales
Michael Brown
Dan Lofgren
Gayle McKeachnie

STAFF

Kevin S. Carter
Kim Christy
Doug Buchi
Lisa Schneider
Dave Hebertson
LaVonne Garrison
John Andrews
Elise Erler
Rodger Mitchell
Kay Burton
Ron Carlson
Eric Baim
Tom Mitchell
Michelle McConkie
Merritt Dunn
NormaLee McMichael
Alexa Wilson
Lynda Belnap

OTHERS IN ATTENDANCE

Margaret Bird, State Office of Education
Karen Rupp, State Office of Education
Bruce Hinckley, State Office of Education
Tim Donaldson, State Office of Education
Paula Plant, State Office of Education
Luanha Searle, Utah Association of Elementary School Principals
Laura Hancock, Deseret News
Nathan Packer, Ivory Homes
Colin Wright, Ivory Homes
Shirlene Lin, Ivory Homes
Clark Ivory, Ivory Homes
Glenn Girsberger, Ivory Homes
David Wolfgramm, Ivory Homes

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Chairman Morris welcomed Board members, Staff, and guests to the meeting.

1. Approval of Minutes

The Board approved the Board minutes of October 19, 2007.

Lee / Scales. Unanimously approved.

“I move we approve the Board minutes of October 19, 2007.”

Roll Call:

Mr. Ferry - - yes	Mr. Lee - - yes
Mr. Scales - - yes	Mr. Brown - - yes
Mr. Lofgren - - yes	Mc. McKeachnie - - yes
Mr. Morris - - yes	

2. Consideration/Approval of 2008 Board Meeting Schedule

The Board, without motion, approved the following 2008 meeting schedule:

January 17	Salt Lake City
February	No Meeting
March 20	Salt Lake City
April 10	Salt Lake City
May 8, 9	Kanab / Big Water
June 12	Salt Lake City
July	No meeting
August 14	Salt Lake City
September 11	Salt Lake City
October 9, 10	Cedar City / St. George
November 13	Salt Lake City
December	No meeting

The Board felt that. on out-of-town trips, we should have a reception for local residents and officials.

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3. Chairman's Report

a. Beneficiary Report

Ms. Bird thanked the Board members for all they do. She noted they are doing legislative visits. She invited Board members to a School Community Day at the legislature on January 29, 2008.

b. Appointment to Investment Advisory Committee

The Board appointed Mr. Michael Morris to be its representative to the Investment Advisory Committee. Mr. Morris accepted the appointment. It is for a four-year term.

Ferry / McKeachnie. Unanimously approved.

"I move that we place in nomination the name of Michael Morris to serve on the Investment Advisory Committee."

Roll Call:

Mr. Ferry - - yes	Mr. Lee - - yes
Mr. Scales - - yes	Mr. Brown - - yes
Mr. Lofgren - - yes	Mc. McKeachnie - - yes
Mr. Morris - - yes	

Mr. Morris asked Ms. Bird to update the Board on the activities of the Investment Advisory Committee for the last couple of months. She noted that they are now investing in the real estate market also.

c. Audit Sub-Committee - - Membership and Function (Tape Mark 1)

Ron Carlson briefly discussed this sub-committee with the Board. It is currently composed of the Chairman, the Vice-Chairman, Director Carter, Lisa Schneider, Ron Carlson, and Margaret Bird. The Board approved a charter for the committee back in 2005. There have not been any specific assignments given Staff by the sub-committee. The Board briefly discussed the reporting authority of the position of agency auditor. Chairman Morris suggested that the Audit Sub-Committee meet prior to the Board meeting in January and June. The sub-committee was asked by Mr. Lee to discuss the composition of the committee at its next meeting.

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3. Chairman's Report (cont'd)

d. Proposed Policy on Real Estate Transactions-Policy 2007-02 (Tape Marks 2 & 8)

Mr. Buchi noted this is a policy that the Board had been sent many months ago for consideration. At that time, the Board had asked Staff to look to the development community and the beneficiaries for comments. The Board discussed this proposed policy at some length. Director Carter noted this policy is just the umbrella, and the details will be spelled out in the rules to implement the policy. Mr. Morris indicated he would like to see more detail in the policy on credit worthiness, due diligence, etc. He would like to see background checks on small transactions, large transactions, and Consent items.

The Board asked that a refined Real Estate policy be brought back to them at the next meeting for consideration.

4. Director's Report

a. Director's Update on Issues (Tape Mark 3)

The Director updated the Board on the following issues:

- * Governor's report on how the trust lands monies are spent in schools
- * Utah State University land sale - - the agency sold three parcels for USU
- * Meeting minute options - - we will now do abbreviated minutes
- * Wallsburg/Aspen issues
- * Mr. Carter gave the Board a booklet entitled "Real Estate Trends - 2008"

The Board went into closed session for the discussion of real estate strategy.

Lee / Ferry. Unanimously approved.

"I move we go into closed session for the discussion of real estate strategy."

Roll Call:

Mr. Ferry - - yes	Mr. Lee - - yes
Mr. Scales - - yes	Mr. Brown - - yes
Mr. Lofgren - - yes	Mc. McKeachnie - - yes
Mr. Morris - - yes	

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4. Director's Report (cont'd)

a. Director's Update on Issues (Tape Mark 3) (cont'd)

The Board went into closed session at 10:57 a.m. Those in attendance were Board members and Director Carter. The Board returned to open session at 11:25 a.m.

b. Review of Board Objective F - - Sensitive Lands

Director Carter reviewed this objective with the Board and some of the options in fulfilling it. Staff will come back in January for further discussion on this objective.

c. Associate Director's Report (Tape Mark 4)

I. Update on Recreation Land Exchange

Mr. Andrews reviewed the status of the land exchange with the Board. Basically, we have not had any changes since last month. He and Director Carter are going to Washington, D.C., the middle of December to work on it further.

II. Litigation Report

Mr. Andrews updated the Board on the following litigation:

- * SITLA vs. Mathis - - Utah Supreme Court
- * National Parks & Conservation Association vs. SITLA - - Utah Supreme Court
- * State of Utah, SITLA, UAC vs. Norton - - Federal Appellate
- * Cook & Associates vs. SITLA - District Court
- * Utah County vs. SITLA - District Court
- * Raggozine vs. SITLA - District Court
- * American Ski Company - - third-party litigation affecting the Trust
- * Moab Citizens vs. Grand County - - third-party litigation affecting the Trust
- * Potential IBLA Appeal of BLM Approval of Plan of Operations for Tony M Mine - - third-party litigation affecting the Trust

4. Director's Report (cont'd)

c. Associate Director's Report (Tape Mark 4) (cont'd)

II. Litigation Report (cont'd)

The Board went into closed session for the discussion of litigation.

Ferry / Brown. Unanimously approved.

Roll Call:

Mr. Ferry - - yes	Mr. Lee - - yes
Mr. Scales - - yes	Mr. Brown - - yes
Mr. Lofgren - - yes	Mc. McKeachnie - - yes
Mr. Morris - - yes	

The Board went into closed session at 12:25 p.m. Those in attendance were Board members. Director Carter, John Andrews, and Tom Mitchell. The Board returned to open session at 1:15 p.m.

d. Block Planning Report (Tape Mark 9)

I. Overview of Crescent Junction Block Plan

This item was deferred until the next meeting.

e. Development Group Report

I. New St. George Airport Land Acquisition

This item was deferred until a later meeting.

4. Director's Report (cont'd)

e. Development Group Report (cont'd)

II. Development Report on Ongoing Projects (Tape Mark 7)

Mr. Buchi and Mr. Rodger Mitchell updated the Board on the following ongoing projects:

- * Sienna Hills
- * Hidden Valley
- * Fossil Hills
- * Canyon Ridge / Cedar City Golf Course
- * Maverik
- * Old Course
- * Cross Hollow

The Board expressed some concern over the cost overrun on Sienna Hills. Staff noted we are taking some internal actions to get better cost estimates.

III. Sale of Hidden Valley Commercial Office Interest (Tape Mark 6)

Due to the fact that this is still being negotiated, this item was deferred.

IV. Request From Ivory Southern to Modify Percentage Participation (Tape Mark 5)

Mr. Buchi discussed this project and request with the Board at some length. The proposed amendments are as follows:

- * Reduce percentage participation in Casitas Phase I
 - * Original SITLA participation - - 15 percent
 - * Proposed SITLA participation - - 11 percent
- * Waive rights to park impact fee credits
 - * Contract assumes credit for land and improvements, split 50/50
 - * Credits will only be given for improvements. not land value

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4. Director's Report (cont'd)

e. Development Group Report (cont'd)

IV. Request From Ivory Southern to Modify Percentage Participation (Tape Mark 5) (cont'd)

- * Add 79.29 acres to leased premises
 - * Previously thought to be undevelopable
 - * 80 higher-end residential lots
 - * Highlands product type
 - * SITLA to participate at 20 percent
- * Change rental units to condo units
 - * Will serve market better
 - * Projected revenue to SITLA unchanged

Mr. Clark Ivory discussed this with the Board and answered their questions. He and Mr. Buchi asked that the Board go into closed session for the discussion of proprietary information.

Lofgren / Scales. Motion approved.

"I move we go into closed session for the discussion of proprietary information."

Roll Call:

Mr. Ferry - - yes	Mr. Lee - - no
Mr. Scales - - yes	Mr. Brown - - yes
Mr. Lofgren - - yes	Mc. McKeachnie - - yes
Mr. Morris - - yes	

The Board went into closed session at 1:57 p.m. Those in attendance were Board members, Director Carter, Doug Buchi, Michelle McConkie, Kim Christy, Elise Erler, LaVonne Garrison, Dave Hebertson, Rodger Mitchell, Kay Burton, John Andrews, Ron Carlson, Eric Baim, Alexa Wilson, Lynda Belnap, Nathan Packer, Colin Wright, Shirlene Lin, Clark Ivory, Glenn Girsberger, and David Wolfgramm.

The Board returned to open session at 2:19 p.m.

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4. Director's Report (cont'd)

e. Development Group Report (cont'd)

IV. Request From Ivory Southern to Modify Percentage Participation (Tape Mark 5) (cont'd)

It was noted that Staff is recommending these amendments. After much discussion, the Board generally felt like they needed further time to ponder parts of this issue.

Lofgren / Ferry. Motion approved.

"I move we accept the participation percentage reduction in Casitas Phase I from 15 percent to 11 percent for a six-month period beginning December 1, 2007; that we agree Ivory can keep 100 percent of the park impact fee credits; that we approve the inclusion of the additional 79.29 acres; and that we defer action on the removal of the 19 percent reconciliation clause and the change in use on the condo units (Garden units)."

Roll Call:

Mr. Ferry - - yes	Mr. Lee - - no
Mr. Scales - - yes	Mr. Brown - - absent at vote
Mr. Lofgren - - yes	Mc. McKeachnie - - yes
Mr. Morris - - yes	

Mr. Lee stated he would like to see this amended agreement before it is signed.

5. Consent Calendar (Tape Mark 10)

a. Amendment of Hidden Valley Development Lease With Ivory Homes

No comments were received on this item, so it is approved.

Notification:

b. Conveyance Review of Properties

I Exchange With the Division of Wildlife Resources - - Daggett County

Mr. McKeachnie declared a conflict on this item, as he has clients involved in this matter.

No comments were received on this item.

II. Exchange With the Division of Wildlife Resources - - Elliker Basin -
Iron County, Utah

No comments were received on this item.

Meeting adjourned at 3:30 p.m.